



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 9, 1998

H.J. Res. 120

A joint resolution disapproving the extension of the waiver authority
contained in section

402(c) of the Trade Act of 1974 with respect to Vietnam

*As ordered reported adversely by the House Committee on Ways and Means on June 25,
1998*

SUMMARY

Under the Trade Act of 1974, nondiscriminatory trade relations may not be conferred on a country with a nonmarket economy if that country maintains restrictive emigration policies. However, the President may waive this prohibition on an annual basis if he certifies that doing so would promote freedom of emigration in that country. On June 3, 1998, President Clinton transmitted to Congress his intention to waive the prohibition with respect to Vietnam for a year, beginning July 3, 1998. H.J. Res. 120 would disapprove the President's extension of this waiver.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that disapproving the extension of the waiver with respect to Vietnam would have no significant impact on outlays or receipts.

BASIS OF ESTIMATE

Because the waiver contained in section 402(c) of the Trade Act of 1974, as recommended by the President, would not give Vietnam most-favored-nation status, disapproving it would not affect customs duties. Enacting H.J. Res 120 would prohibit various U.S. government agencies from extending credit and insurance to Vietnam. CBO estimates that the resolution would have no significant effect on Overseas Private Investment Corporation, Eximbank programs, or General Sales Manager (GSM) export credit guarantee programs of the U.S.

Department of Agriculture (USDA). While USDA has testified that it is considering whether to offer GSM export credit guarantees to Vietnam if the waiver is not disapproved, CBO has no good basis for estimating when, how, and to what extent these guarantees may be offered. If USDA does offer GSM credit guarantees to Vietnam, the associated costs during the next year are likely to be small.

PAY-AS-YOU-GO CONSIDERATIONS:

Because H.J. Res. 120 could affect outlays, pay-as-you-go procedures, as designated under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, would apply. However, CBO estimates that disapproving the extension of the waiver to Vietnam would have no significant impact on receipts or outlays.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The proposed legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995, and would impose no direct costs on state, local, or tribal governments.

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